



INDUSTRY CIRCULAR

Regulatory Enforcement
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DEPARTMENT OF
THE TREASURY

Bureau of Alcohol, Tobacco and Firearms

Washington, D.C. 20226

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BAR DISPENSING EQUIPMENT

Wholesale liquor dealers, manufacturers of
bar dispensing equipment, retail liquor
dealers (dispensing liquor by the drink),
and others concerned:

This circular is issued to advise manufacturers or distributors of bar dispensing equipment, and retail dealers in liquors utilizing such equipment of an ATF ruling which reviews requirements of applicable law and regulations controlling retail sales of distilled spirits by bars and restaurants, etc. The ruling will be published in the May ATF Bulletin and will read as follows:

The Bureau of Alcohol, Tobacco and Firearms has been requested to state its position in regard to acceptable bar dispensing equipment under applicable law and regulations controlling retail sales of distilled spirits.

New types of bar dispensing equipment, especially electronic equipment involving considerable capital outlay, have recently been installed by many retail dealers, including those selling liquor to passengers on aircraft. While most of such dispensing systems utilize liquor bottles filled, stamped, and labeled in conformance with Bureau laws and regulations and otherwise meet legal requirements, some of them permit the flow of liquors from bottle to bottle or utilize containers filled from liquor bottles.

Under the general requirements of 26 U.S.C. 5301 relating to traffic in containers of distilled spirits, the Director, Bureau of Alcohol, Tobacco and Firearms, in effect, is authorized to regulate the kind, size, branding, marketing, sale, resale, possession, use, and reuse of containers designed or intended for use for sale of distilled spirits. In addition, section 5301 forbids the placing in any container, i.e. liquor bottle, of any distilled spirits whatsoever other than those contained in such bottle at the time the strip stamp was applied and forbids the possession of any liquor bottle by any person if any of the contents have been altered or increased by the addition of any substance whatsoever. In regard to strip stamps, 26 U.S.C. 5205 states, in part, that no person shall transport, possess, buy, sell, or transfer any distilled spirits, unless the immediate container thereof is stamped by a stamp evidencing the determination of tax or indicating compliance with the statutes; and further, the stamp must be affixed in such a manner as to be broken when the container is opened.

The regulations in 26 CFR 194.251 written under the authority of section 5205 require that all distilled spirits (except industrial alcohol) in possession of liquor dealers be in bottles or similar containers of one gallon or less bearing prescribed strip stamps; and regulations in 26 CFR 194.252 require that such stamps be broken when the bottles are opened and that portions of the stamps remain attached to the bottles while any part of the contents remain therein (such portion should be sufficient to identify the kind of stamp).

Under the foregoing requirements, it is held that bar dispensing equipment for use by retail liquor dealers (1) must avoid an in-series hookup which would permit the contents of liquor bottles to flow from bottle to bottle before reaching the dispensing spigot or nozzle, (2) must not dispense from or utilize containers other than original liquor bottles filled, stamped, and labeled in conformity with Bureau regulations, (3) must not permit intermixing of different kinds of products or brands, and (4) must not damage or obscure the portion of the strip stamp required to remain on a liquor bottle after opening.

In addition to the foregoing, the premises, including places of storage, where liquors are sold or dispensed are subject to inspection by Bureau officers during business hours for the purpose of inspection or for examination of any record or other document required to be kept by liquor dealers under requirements of 26 CFR Part 194, Liquor Dealers. Therefore, dealers installing dispensing systems where any part of the system is in a locked room or cabinet should make arrangements to assure that such room or cabinet may be opened on demand to inspection during regular business hours by Bureau officers in accordance with the provisions of 26 CFR 194.42.

Inquiries regarding this circular should refer to its number and be addressed to the Director, Bureau of Alcohol, Tobacco and Firearms, 1111 Constitution Avenue, N. W., Washington, D. C. 20226, Attention: Regulatory Enforcement.



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Director